

**Internal Revenue Service**  
P.O. Box 2508  
Cincinnati, OH 45201

**Department of the Treasury**

Release Number: **201704022**  
Release Date: 1/27/2017  
Date: November 1, 2016

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**LEGEND**

UIL: 4945.04-04

C = Company  
D = Company  
E = Country  
F = Country

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

**Our determination**

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

**Description of your request**

Your letter indicates that you will operate a medical training grant program. You are a vehicle for the charitable giving and programs of C, an indirect subsidiary of D. You previously received advance approval of your grant making program specifically related to liver transplants and related medical treatment, but now you desire to expand your program and are seeking advance approval.

Your proposed program will provide grants for qualified medical training to individuals in all areas of recognized medicine, medical care and treatment, including without limitation, training for bone marrow, liver, and other medical transplants, operations, cancer treatments, and other medical treatments and medical training related to pre-and post-operative care.

The purpose of this program is to make grants available to licensed doctors, surgeons, and other medical professionals and personnel, such as nurses, medical practitioners,

hospital administrators and managers, medical and laboratory technicians, and other hospital personnel who, based upon the purpose of the grant, will benefit from education and training designed to advance specific objectives as well as your charitable objectives. The grants will pay for and/or subsidize the costs of training medical procedures that are designed to assist in the advancement of medical education as well as your charitable objectives. These grants will be designed to improve the capacity, skill, or talent of the grantees in their medical education, as described in and pursuant to Section 4945(g)(3) of the Code.

Your medical training grants will support your charitable mission because by contributing to the availability of skilled medical professionals and personnel in the United States, E, F, and other countries where the need for such professionals and personnel, experience and expertise exists, the grants will increase the accessibility and affordability of high quality medical care for the general public.

You will distribute grants for training in the area of medical education, and specific objectives in those areas will be achieved. Additionally, the grantees may receive a procurement card or funds to cover or subsidize the reasonable cost of their travel and living expenses directly related to the medical training. You will determine the location and nature of the training based on your assessment of needs, resources and applications submitted by the grantees.

You will take an active approach in identifying and informing eligible individuals about the availability of medical training grants to be offered. The promotion of the program may include appearances and presentations at hospitals, universities, and other institutions approved to participate in the program, distribution of promotional materials and public service advertisements via television, radio, magazine, internet, and/or billboards.

All grantees and proposed training must meet the applicable qualification criteria you have established. The program will be in all respects charitable and/or educational under sections 170(c)(2)(B) and 501(c)(3) of the Code. You will select grant recipients on an objective and non-discriminatory basis, and none of your grants to individuals will constitute direct or indirect self-dealing. Criteria for selection will include among other relevant factors, any one or more of the following: the applicant's level of knowledge and skill in the applicable area, academic record, experience, expertise, professional standing, service to the community, and commitment to maintaining a long-term medical practice or career in the medical field, as applicable and relevant for the specific object to be achieved through the particular grant and area of medical education. You may consider other factors of a similar objective and non-discriminatory nature, depending on the circumstances, as you gains experience in administering the program.

The grant process will begin when the applicants submit an application, consisting of a resume, documentation of the applicant's license or certification, if applicable, information about the applicant's role or positions in the applicable field of medical treatment or the medical industry. This information may include the applicant's experience in conducting, managing, facilitating, or participating in the applicable medical procedure or other areas to be advanced by the area of medical education, information from the applicant's

employer attesting to his or her need to learn the applicable areas of medical education. Applicants will also be required to confirm that they are not restricted from receiving funds under your conflict of interest policy.

Grantees will be required to sign a grant agreement agreeing to use the funds only for the purpose of the grant, to return any funds not so expended, and to submit a report(s) to you or otherwise as appropriate to ensure that the grants were used for the purposes provided.

The number of grants you intend to award annually will depend on the number of eligible candidates and the funds allotted to the proposed grant program in the given year. The amounts will vary, depending on the specific nature of the medical training to be conducted and the amount of funding requested in a grant proposal.

There will be no limitations or restrictions in the selection procedures based upon race, religion, or ethnic origin. Initially, grantees may be residents of or working in the medical care fields or industry to be advanced by your grants, in the United States, E, F or other authorized countries where the granting of funds for the program will serve your objectives of increasing access to both education and medical services where needed.

Individuals who are employed by you, employed by organizations controlled by a director of you, are officers or members of your Board of Directors or are family members, to employees, officers, directors, or substantial contributors of yours, or organizations controlled by a director of you, will not be eligible for grants funded by you.

In addition, individuals who are employed by C, D, any affiliate or subsidiary of D, any governmental agency with responsibility for decisions affecting the business, of C, D, or an affiliate or subsidiary of C or D, or are family members to such employees will not be eligible for grants funded by you. The persons who select grant recipients will not be in a position to derive a private benefit, directly or indirectly if certain potential grantees are selected over others. If a relative or any selection committee member is among the candidates being considered, that selection committee member will disqualify himself/herself from participation in the selection process.

You have no paid staff. You will be managed by employees of C and/or D on a volunteer basis and pursuant to guidelines by your Board of Directors. The guidelines will require the Program Manager to receive approval from either your Board of Directors or an officer for all grant requests, depending on the amount of the requested grant. These guidelines will ensure that you retain ultimate authority for the approval of grant requests.

Depending on the circumstances, you will fund the grantees either directly or through the educational organization or training institution that enrolls the individual for training. Whether the grantee is located in the United States or in another country, you will consider the risk that grant may be diverted away from your intended charitable purposes and will take such steps as you deem appropriate, under the circumstances, to prevent such a diversion. You will have full discretion and control over how the funds will be

distributed and will monitor the funds to ensure that they will be used for its intended purpose(s).

You will check the Office of Foreign Assets Control (OFAC) List of Specifically Designated Nationals and Blocked Persons when conducting your programs. Further, you have policies and practices in place to ensure that foreign grants are not diverted to support terrorism or other non-charitable activities. You will comply with all United States statutes, executive orders and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealing with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC. You will acquire from OFAC any license or registration when necessary.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

#### **Basis for our determination**

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
  - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
  - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
  - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

**Other conditions that apply to this determination**

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service  
Exempt Organizations Determinations  
P.O. Box 2508  
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Jeffrey I. Cooper  
Director, Exempt Organizations  
Rulings and Agreements